



Treaty Series No. 80 (1971)

Exchange of Notes

concerning a Loan by the Government
of the United Kingdom of Great Britain
and Northern Ireland to the Government
of Ceylon for the purchase of Defence
Equipment in the United Kingdom

Colombo, 25 July 1971

[The Agreement entered into force on 25 July 1971]

*Presented to Parliament
by the Secretary of State for Foreign and Commonwealth Affairs
by Command of Her Majesty
November 1971*

LONDON

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**EXCHANGE OF NOTES
CONCERNING A LOAN BY THE GOVERNMENT OF THE
UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND
TO THE GOVERNMENT OF CEYLON FOR THE PURCHASE
OF DEFENCE EQUIPMENT IN THE UNITED KINGDOM**

No. 1

*The United Kingdom High Commissioner at Colombo to the Permanent Secretary
of the Ceylon Ministry of Planning and Employment*

*British High Commission,
Colombo.*

Sir,

25 July 1971.

I have the honour to inform you that, in pursuance of discussions between our two Governments, the Government of the United Kingdom of Great Britain and Northern Ireland will make to the Government of Ceylon a Credit for ten years of an amount not exceeding £748,000 (hereinafter referred to as "the loan") on the following terms and conditions:

- (a) Subject to the limit of £748,000 referred to above the loan shall be used to meet 90 per cent of the cost of defence equipment, including the cost of its transportation to Ceylon, purchased by the Government of Ceylon from the Government of the United Kingdom.
- (b) Issues from the loan as payment for 90 per cent of the cost of equipment already delivered or to be delivered shall be made by the United Kingdom Government to the authorities which supplied the equipment or provided transport. Copies of accounts against which payments are made shall be forwarded to the Government of Ceylon.
- (c) Interest on the total amount issued under paragraph (b) shall be paid by the Government of Ceylon at the rate of 7 $\frac{3}{8}$ per cent per annum, and shall accrue with effect from 1 July 1971.
- (d) The Government of Ceylon shall repay to the Government of the United Kingdom on 1 July in each year a sum equivalent to one tenth of the total amount issued under paragraph (b) together with interest due to that date, the first instalment and interest to be paid on 1 July 1972 and the last instalment and interest to be paid on 1 July 1981.
- (e) The Government of Ceylon may, however, at any time before 1 July 1981 repay the outstanding balance of the loan to the Government of the United Kingdom by paying the amount then outstanding together with the interest due thereon.

I have the honour to request your confirmation that the Government of Ceylon accept the loan on the foregoing terms and conditions and that this

Note and your reply in that sense shall constitute an Agreement between our two Governments which shall enter into force on the date of your reply.

I have the honour to be,

Sir,

Your obedient Servant,

A. M. MacKINTOSH

High Commissioner for the United Kingdom

No. 2

*The Permanent Secretary of the Ceylon Ministry of Planning and Employment
to the United Kingdom High Commissioner at Colombo*

*Ministry of Planning and Employment,
Colombo.*

Sir,

25 July, 1971.

I have the honour to acknowledge the receipt of your letter of today's date, which reads as follows:

[As in No. 1]

In reply I have the honour to confirm that the Government of Ceylon accepts the loan on the terms and conditions set out in your Note and that therefore your Note and this reply shall constitute an Agreement between our two Governments in this matter which shall enter into force today.

I have the honour to be,

Sir,

Your obedient Servant,

H. A. DE S. GUNASEKERA,

Permanent Secretary,

Ministry of Planning and Employment

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